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RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC//DDI/OEA//
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RUEKDIA/DIA WASHINGTON DC//DB-Z//
RUEHMO/AMEMBASSY MOSCOW 0565
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RUEHGH/AMCONSUL SHANGHAI 1551
RUEHSH/AMCONSUL SHENYANG 5374
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RUEHLO/AMEMBASSY LONDON 2174
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SUBJECT: SEOUL - PRESS BULLETIN; December 1, 2009

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Strike Activity

Seoul Shinmun

Korail Unionists Face Arrest

INTERNATIONAL NEWS

According to the Daily NK, a Seoul-based Internet news site on North Korea, North Korea has revalued and replaced its national currency as of Nov. 30. According to the source, the exchange rate for the new currency is 100:1, so old 1,000 won bills are being exchanged for new ten won bills. (All)

Analysts saw this North Korean move as an attempt to control inflation as well as to tighten the North Korean regime's hold at home ahead of a power succession to leader Kim Jong-il's third son, Jong-eun. (Chosun)

MEDIA ANALYSIS

-N. Korea

All ROK media gave attention to a report by the Daily NK, a Seoul-based Internet news site on North Korea, claiming that North Korea revalued and replaced its national currency yesterday at a rate of one new won to 100 old won. According to media reports, the revaluation was the first for North Korea since 1992.

Conservative Chosun Ilbo observed that there is speculation that the latest currency reform may have been initiated in order to tighten the regime's hold on power and to bring runaway inflation under control amid apparent efforts to prepare for the succession of North Korean leader Kim Jong-il's third son, Jong-eun.

Most media reported that ROKG officials were cautious about the report since North Korea has yet to make an official announcement of the revaluation as it did in 1992. An official at the Unification Ministry was quoted as saying: "We cannot confirm the report."

Conservative Segye Ilbo and state-run KBS replayed a Nov. 30 report by Japan's Sankei Shimbun that North Korea told the U.S. that, during the upcoming visit of Special Representative for North Korea Policy Stephen Bosworth to Pyongyang, it will announce when it plans to return to the stalled Six-Party Talks. Segye Ilbo's sub-heading read, "North Korea Seems to Have Decided to Give a 'Gift' Since Direct Talks with U.S. Came True."

OPINIONS/EDITORIALS

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BOSWORTH SHOULD MAKE SURE NORTH KOREA STOPS PLAYING NUCLEAR GAMES
(Dong-a Ilbo, December 1, Page 33; Excerpts)

By Former Vice Defense Minister Park Yong-ok

During his November 19 summit with President Lee Myung-bak in Seoul, U.S. President Barack Obama announced that Special Representative for North Korea Policy Stephen Bosworth will visit North Korea on December 8. The U.S. is insisting that Ambassador Bosworth's visit is simply a bilateral contact aimed at bringing the North back to the Six-Party Talks. However, North Korea, which vowed to quit the Six-Party Talks permanently, is unlikely to express its willingness to return to the multilateral framework unless it receives satisfactory rewards.

It remains to be seen what outcome Ambassador Bosworth's visit to the North will produce, but the prospects are not that positive. It seems that North Korea intends to decide whether to rejoin the Six-Party Talks or other multilateral negotiations depending on the outcome of bilateral talks with the U.S. The North also claims that even if it returns to the Six-Party Talks, participants should first discuss nuclear disarmament talks on denuclearizing the Korean Peninsula and the world and a peace guarantee on the Korean Peninsula, instead of the North Korean nuclear issue.

Therefore, without any prior guarantee from Ambassador Bosworth, North Korea would have no reason to be willing to rejoin the Six-Party Talks. If the North expresses its intention to return to the Six-Party Talks during its dialogue with Ambassador Bosworth, it would be due to one of two reasons: The North may have been promised considerable rewards from the U.S., or it probably intends to use the dialogue as an opportunity to raise its status as a nuclear-weapons state and make it a fait accompli.

Whether or not the North returns to the Six-Party Talks, I am concerned that the U.S. or other Six-Party Talks member countries may once again dance to the North Korean tune at a bargaining table arranged on North Korea's terms. Only when the ROK's independent deterrence against the North becomes tangible will the Six-Party Talks be successful. Ambassador Bosworth's visit to the North on December 8 will be the touchstone of multilateral efforts to stop North Korea from playing nuclear games.

STEPHENS